



TRIBAL-STATE COMPACT FOR CLASS III GAMING

Between the

Lummi Nation

and the

State of Washington

September 1995

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LUMMI NATION - STATE OF WASHINGTON

GAMING COMPACT

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INTRODUCTION

THIS COMPACT is entered into pursuant to the Indian Gaming Regulatory Act of 1988, P.L. 100-497, codified at 25 USC §§ 2701-2721 and 18 USC §§ 1166-I 168 (hereafter "IGRA" or "Act").

PARTIES

THIS TRIBAL-STATE COMPACT is made and entered into by and between the LUMMI NATION (hereafter "Nation"), a federally-recognized Indian Nation, possessed of all sovereign powers and rights thereto pertaining; and the STATE OF WASHINGTON (hereafter "State"), as a sovereign state of the United States, with all rights and powers thereto pertaining.

DECLARATION OF POLICY AND PURPOSE

IGRA provides for the negotiation of compacts between States and Tribes to govern the conduct of Class III gaming. Indian tribes have rights under IGRA to regulate gaming activities on Indian lands if the gaming activity is not specifically prohibited by Federal law and is conducted within a state which does not, as a matter of criminal law and public policy, prohibit such gaming activity. The overarching policy of the Act is to provide a framework for the operation of gaming by Indian tribes as a means of promoting Tribal economic development, self-sufficiency and strong Tribal governments, as well as providing a basis for the regulation of gaming by an Indian tribe adequate to shield it from organized crime and other corrupting influences, to ensure that the Indian tribe is the primary beneficiary of the gaming operation and to assure that gaming is conducted fairly and honestly by both the operator and players. The terms and conditions set forth below to regulate Class III gaming conducted by the Nation have been agreed to pursuant to that congressional mandate.

It is the stated intention of the parties hereto to foster full cooperation between the Nation and the State on the basis of a shared concern for the welfare and protection of all the members of the Nation and citizens of the State as a result of gaming on the Lummi Reservation. Through this Compact, the parties desire to further the purposes of IGRA for the benefit of the Nation and the protection of the State, by creating a cooperative means through which the Nation may lawfully conduct Class III gaming activities on the Lummi Reservation that the State permits for any purpose by any person, organization or entity. To that end, this Compact defines the manner in which laws regulating the conduct of the Nation's Class III gaming activities are to be applied in order that the respective Nation and State interests may be met.

The Nation and the State have mutually agreed, within the parameters established by the Act, to the following provisions governing the conduct of Class III gaming activities on the lands of the Nation, which are designed to (a) protect the health, welfare and safety of the citizens of the Nation and the State, (b) continue and enhance the Nation's existing system of gaming regulation on the Lummi Reservation in order to ensure the fair and honest operation of such gaming, and (c) minimize the possibility of corruption or illegal practices in conjunction with such activities. The State specifically acknowledges that since 1991, the Lummi Nation has operated "grandfathered" house-banked blackjack games at one hundred dollar (\$100) wager limits for twenty-four (24) hours per day, as well as pai gow and various poker games without causing adverse impacts on the Lummi Reservation or in surrounding non-Indian communities, and that the Lummi Indian Gaming Commission has cooperated extensively and effectively with federal law enforcement authorities in protecting the integrity of gaming at the Lummi Casino.

The policy of the State, as set forth in Chapter 9.46 RCW, is to permit limited and highly regulated casino gaming for non-commercial purposes, and to restrain individuals from seeking profit from what the State defines as professional gambling activities. The provisions of Chapter 9.46 RCW and Title 230 WAC regulate gambling activities; the provisions of Chapter 67.16 RCW and Title 260 WAC authorize and regulate horse racing activities, including parimutuel satellite wagering, in Washington State. The State agrees that the Nation is authorized, as a result of the provisions of IGRA and the terms of this Compact, to engage in the Class III gaming activities expressly permitted herein.

The Nation and the State believe the conduct of Class III gaming under the terms and conditions set forth below will, from a regulatory perspective, benefit the Nation and the State and protect the members of the Nation and the citizens of the State consistent with the objectives of IGRA.

NOW, THEREFORE, in consideration of the foregoing and the mutual benefits to be derived, the Nation and State do enter into this 'Compact as provided for herein.

SECTION I - TITLE

This document shall be cited as "The Lummi Nation - State of Washington Gaming Compact."

SECTION II - DEFINITIONS

For purposes of this Compact:

A. "Act" means the Indian Gaming Regulatory Act, Pub.L. 100-497, 25 USC §§ 2701 et seq. and 18 USC §§ 1166 et seq. (also IGRA).

B. "Applicant" means any individual who has applied for a tribal license or state certification, whether or not such license or certification is ultimately granted.

C. "Class II Gaming" means all forms of gaming as defined in 25 USC §2703(7) and by the regulations, formal opinions or decisions of the National Indian Gaming Commission ("NIGC"), specifically including twenty-four (24) hour house-banked blackjack at stations with wager limits of up to one hundred dollars (\$100).

D. "Class III Gaming" means all forms of gaming as defined in 25 USC §2703(8) and by regulations of the National Indian Gaming Commission and are authorized under this Compact as Class III games. Pull-tabs and punchboards, even though discussed herein, are specifically deemed to be Class II games when operated in conjunction with bingo.

E. "Code" means the Lummi Tribal Code, as amended.

F. "Commission" means the Washington Horse Racing Commission, a State agency.

G. "Compact" means this Compact.

H. "Gambling Device" means any device or mechanism the operation of which a right to money, credits, deposits or other things of value may be created, in return for a consideration, as the result of the operation of an element of chance and any device or mechanism which, when operated for a consideration, does not return the same value or thing of value for the same consideration upon each operation thereof. Notwithstanding the foregoing, "gambling device" does not include any device that, in the opinion of the National Indian Gaming Commission, is a permissible computer, electronic or other technologic aid to Class II gaming activity.

I. "Gaming Employee" means any individual employed in the operation or management of gaming in connection with the Nation's gaming operation or facility, whether employed by or contracted to the Nation or by or to any person or enterprise providing

gaming operation and management services to the Nation, including, but not limited to: gaming operation managers and assistant managers; accounting personnel; surveillance and security personnel; cashiers; dealers or croupiers; box men; floormen; pit bosses; shift bosses; cage personnel; collection personnel; gaming consultants; parimutuel clerks; management companies and their principals; and any person whose employment duties require or authorize access to areas of the gaming facility related to gaming that are not otherwise open to the public, or to areas designated by the Lummi Nation and State Gaming Agencies.

J. "Gaming Facility" means the building in which Class III Gaming activities as authorized by this Compact are conducted on Lummi Nation Lands.

K. "Gaming Operation" means the enterprise operated by the Nation on Lummi Nation Lands for the conduct of any form of Class III gaming in any gaming facility.

L. "Gaming Services" means the providing of any goods or services to the Nation, whether on or off site, directly in connection with the operation of Class III gaming in a gaming facility, including equipment, maintenance or security services for the gaming facility. Gaming services shall not include professional legal and accounting services.

M. "Gaming Station" means a gaming table of the same general size and configuration as is commonly used in Nevada for similar games.

N. "Individual" means, but is not limited to, natural persons and business entities including business sole-proprietorships, partnerships, corporations, joint ventures, organizations and associations.

O. "Local Law Enforcement Agency" means the State Gaming Agency, Washington State Patrol, and any other non-Lummi Nation law enforcement agency in the vicinity of the Gaming Operation, including Whatcom County Sheriff's Department, which has jurisdiction to enforce state gaming laws on Lummi Nation Lands pursuant to the terms of this Compact, or has a co-operative, mutual aid or cross-deputization agreement approved by the Nation. Except as otherwise expressly provided in this Compact, nothing in this definition or in any provision of this Compact is intended to expand, waive, confer or limit the jurisdiction of any law enforcement agency on Lummi Nation Lands.

P. "Management Entity" means any individual with whom, or other business entity with which, the Nation has entered into a contractual agreement for financing, development or operation of any Class III gaming activities on the Lummi Reservation.

Q. "Net Win" means the total amount of gaming station income (gross gaming revenue) after prizes or winnings have been paid out; i.e., the difference between the total amount wagered or played and the amounts repaid to winners.

R. "Principal" means with respect to any entity: (i) each of its officers and directors; (ii) each of its principal management employees, including any chief executive officer, chief financial officer, chief operating officer, or general manager; (iii) each of its owners or partners, if an unincorporated business; (iv) each of its shareholders who own more than ten percent of the shares of the corporation, if a corporation; and (v) each person other than a banking institution who has provided financing for the enterprise constituting more than ten percent (10%) of the start-up capital or operating capital over a twelve (12) month period, or a combination thereof. For purposes of this definition, where there is any commonality of the characteristics identified in (i) through (iv) above between any two (2) or more entities, those entities shall be deemed to be a single entity.

S. "RCW" means the Revised Code of Washington, as amended.

T. "State" means the State of Washington, its authorized officials, agents and representatives.

U. "State Certification" means the process utilized by the State Gaming Agency to assist the Nation and ensure that all individuals or other entities or persons required to be certified are qualified to hold such certification in accordance with this Compact.

V. "State Gaming Agency" means the Washington State Gambling Commission.

W. "Lummi Indian Gaming Commission" means the Lummi Indian Gaming Commission or such other agency of the Nation as the Nation may from time to time designate by written notice to the State as the single Lummi Nation agency primarily responsible for regulatory oversight of Class III Gaming as authorized by this Compact. No person employed in the management or operation of gaming activities on Lummi Nation lands may be a member of or employed in the operation of the Lummi Indian Gaming Commission.

X. "Lummi Nation Law Enforcement Agency" means the Lummi Law and Order Department or any other police force that the Nation may from time to time establish and maintain pursuant to the Nation's powers of self-government to carry out law enforcement within the Lummi Reservation.

Y. "Lummi Nation Licensing" means the licensing process utilized by the Nation to ensure all individuals and other entities required to be licensed are qualified to hold such license in accordance with provisions of Lummi Law.

Z. "Nation" means the Lummi Indian Nation, its authorized officials, agents and representatives.

AA. "Lummi Nation Lands" means Indian lands as defined by 25 USC § 2703(4)(A) and (B), subject to the provisions of 25 USC § 2719.

BB. "WAC" means the Washington Administrative Code, as amended.

cc. "Phase 1" means wager limits of up to two hundred fifty dollars (\$250) and operating hours of up to one hundred twelve (112) hours per week on an annualized basis for designated Class III gaming stations authorized under this Compact.

DD. "Phase 2" means wager limits of up to five hundred dollars (\$500) and operating hours of up to one hundred forty (140) hours per week on an annualized basis for designated Class III wagering stations authorized under this Compact.

EE. "Lummi Nation Member" is a person who is enrolled as a member of the Lummi Nation pursuant to Article II of the Lummi Nation's Constitution and Bylaws, and eligible for the special programs and services provided by the United States to Indians because of their status as an Indian under federal law.

FF. "Non-member Indian" is a person who is duly enrolled in another federally recognized Indian Nation, Tribe, Band, or Community within the United States, and eligible for the special programs and services provided by the United States to Indians because of their status as an Indian under federal law.

SECTION III - NATURE, SIZE AND SCOPE OF CLASS III GAMING

A. **Scope of Class III Gaming Activities.** The Lummi Nation gaming operation may utilize in its gaming facility, subject to the provisions of this Compact, any or all of the following Class III activities:

1. Baccarat;
2. Beat My Shake;
3. Beat the Dealer;
4. Blackjack (to the extent not played as a Class II game);
5. Chemin De Fer;
6. Chuck-a-luck;
7. Craps;

8. 4-5-6;
9. Horses (stop dice);
10. Horse Race;
11. Money-wheel;
12. Satellite (off-track) wagering on horse races, subject to Appendix B;
13. Over/Under Seven;
14. Pai-gow (to the extent not played as a Class II game);
15. Poker (to the extent not played as a Class II game);
16. Red Dog;
17. Roulette;
18. Ship-Captain-Crew;
19. Sic-Bo;
20. Sports Pools, subject to Appendix B;
21. Sweet Sixteen;
22. Punchboards and Pull-tabs, subject to Appendix B; and
23. Washington State Lottery tickets, subject to Appendix B.

B. Lottery-type Games. For games including keno and keno-type games, instant tickets, on-line games, or other lottery-type games authorized for play for any purpose by any person, organization, or entity in the State of Washington that are not otherwise treated as Class II gaming in Washington pursuant to 25 USC § 2703(7), the Nation will submit the proposed rules, manner of regulation and manner of play to the State Gaming Agency at least sixty (60) days prior to the time play shall begin. If the State makes no objection within said sixty (60) day period, or affirmatively approves the Nation's submission before sixty (60) days have elapsed since the Nation's submission, the Nation may begin offering the game in accordance with its proposed rules, regulations and manner of play, upon the earlier of the State's approval or sixty (60) days. If any dispute arises between the Nation and the State with respect to the nature of the game, security issues, rules of play, or training and enforcement associated with regulation, the State and Lummi Indian Gaming Agencies shall meet and resolve the dispute prior to the time play of that game can begin. If the dispute cannot be resolved by the parties through discussion, then the Nation may initiate formal negotiations subject to the provisions of the Indian Gaming Regulatory Act. Provided further, that upon mutual agreement of the Lummi Nation and State Gaming Agencies, some or all of the unresolved issues may be submitted to arbitration under Section XII.C.

C. Other Class III Table Games. With respect to any other Class III table games similar to those set forth above that would also be authorized for play for any purpose by any person, organization, or entity in the State and that are not otherwise treated as Class II gaming in Washington pursuant to 25 USC § 2703(7), the Nation shall provide the game regulations thereof to the State Gaming Agency at least thirty (30) days prior to the time play shall begin. If the State Gaming Agency does not object within thirty (30) days after receipt of such notice, the Nation may begin offering the game. If a dispute arises between the Nation and the State Gaming Agency with respect to issues including, but not limited to, the rules of the game, legality of the game, manner of play, or training and enforcement associated with the regulation thereof, the State and Lummi Indian Gaming Agencies shall meet and attempt to resolve the dispute through good faith negotiations prior to the time play of that game can begin. If either party believes, after such negotiations have commenced, that a resolution by the parties cannot be achieved, then either or both parties shall be entitled to have the dispute resolved pursuant to the dispute resolution provisions of Section XII.C below. Notwithstanding the foregoing, if the State authorizes any other Tribe, person

or entity to conduct such a game, the Nation may offer said game under the same rules and manner of play previously approved by the State upon ten (10) days' notice to the State Gaming Agency. If the State objects to the Nation's offering of such a game for reasons other than lack of training or enforcement capability, the Nation shall be entitled to conduct the game in accordance with its submitted (and previously approved for another Class III operation,) rules and manner of play unless and until the State's objections have been resolved in the State's favor.

D. Authorized Gaming Operation and Facility.

1. The Nation may establish one Class III gaming operation and gaming facility for the operation of any Class III games authorized pursuant to this Compact. The Nation shall give the State Gaming Agency at least sixty (60) days' notice of any intention to relocate its Class III gaming activities to another facility, and also shall provide the State Gaming Agency with a copy of any application that it may file to serve alcoholic beverages in its Class III gaming facility when such application is filed with the appropriate State licensing agency.

2. The facility authorized by this Compact shall be located on the Lummi Reservation. Should the tribe request to re-negotiate the location issue, such re-negotiations shall be conducted in accordance with 25 USC 52710 (d) and without prejudice to the State's rights under 25 USC 52719. Arbitration remedies contained in this compact shall not be applicable to any dispute arising from such re-negotiation.

E. Forms of Payment. All payment for wagers made in authorized forms of Class III gaming conducted by the Nation on its Lummi Nation Lands, including the purchase of chips or tokens, for use in wagering, shall be made by cash, cash equivalent, credit card or personal check. Except for said use of credit cards, no credit shall be extended to any patron of the gaming facility for gaming activities.

F. Size of Gaming Floor. The actual gaming floor devoted to Class III activities within the gaming facility shall be determined by the Nation.

G. Number of Gaming Stations.

1. **Recognition of Existing Operations.** The Lummi Indian Business Council (LIBC) has, under 25 USC § 2710(a)(2), the right to operate unlimited Class II gaming activities. Included in these Class II operations are, as a result of the operation of the grandfather provision of 25 USC § 2703(7)(C), tables operating blackjack at one hundred dollar (\$100) wager limits on a continual twenty-four hour (24 hour) basis, three hundred sixty-five (365) days per year. The State recognizes that the Lummi Indian Business Council has gained unique and extensive operational and regulatory experience from the operation of its large forty-two (42) table gaming facility on the Nation's lands. The State also recognizes that there have been no detectable adverse impacts on the surrounding communities because of the Lummi Casino's isolated location and the fact that the Casino does not now serve alcoholic beverages. The State also recognizes the critical role that the Lummi Casino plays in the economy of the Lummi Reservation and the surrounding community in Whatcom County.

2. **Initial Class III Operation.** Because of the Nation's extensive operational and regulatory experience, the lack of negative impacts on the surrounding community from the current operations, and the positive effects of a successful Casino operation on the Lummi Reservation and Whatcom County, the State agrees that, pursuant to this Compact, the Nation may suspend its current Class II table game operations and immediately begin operation of its existing forty-two (42) blackjack, pai gow and poker tables at what are defined herein as Phase 2 wager limits and operating hours. In addition to the operation of

its existing stations under these conditions, the Nation is authorized to operate an additional twenty-five (25) Class III gaming stations, plus one additional "nonprofit" Class III gaming station, at what are defined herein as Phase 1 levels.

3. Implementation of Full Phase 2 Operations. Following completion of the review process outlined in Section III.H.4 of this Compact, the Nation will be authorized to operate a total of fifty Class III gaming stations, and an additional two "non-profit" Class III gaming stations. All fifty-two stations may be operated at what are defined as Phase 2 wager limits and operating hours.

4. Treatment of Grandfathered Blackjack Operations. In exchange for the State's recognition of the Nation's existing grandfathered operations and regulatory experience, the opportunity to expand its existing operation into Class III, add new Class III games, and to accelerate the process of offering Class III gaming at Phase 2 levels, the Nation agrees to limit the number of grandfathered blackjack stations it operates as follows: the Nation agrees for the duration of this Compact to limit to no more than sixteen the number of grandfathered blackjack games it may operate in addition to the fifty-two (52) Class III gaming stations authorized in Section III.G.3 above; provided, that the Nation shall have the continued right to increase the number of blackjack tables operating under grandfathered conditions to a maximum of forty-two (42) and to reduce commensurately the number of Class III gaming stations authorized in Section III.G.3 above.

5. Operation of non-profit stations. If the Nation decides to operate any non-profit gaming station(s), the proceeds from the non-profit station(s) shall be dedicated to support the activities of bona-fide non-profit organizations not affiliated with or controlled by the Lummi Indian Business Council (LIBC) and exempt from federal taxation under §501(c) of the Internal Revenue Code within Whatcom County or elsewhere in the State of Washington. For the purpose of the determination of "proceeds" from the non-profit station(s) only, proceeds shall mean the net win less the pro rata cost of regulation and operation, specifically excluding capital costs. Therefore, the proceeds shall equal the net win less the costs of regulation and operation, divided by fifty-two (52) Class III gaming stations or such lesser number of Class III gaming stations as the Nation actually places into operation. The LIBC, by appropriate resolutions, shall from time to time designate the organizations to which revenues from the non-profit gaming stations are to be disbursed, and the State Gaming Agency shall be provided with copies of such resolutions and records of all disbursements made pursuant thereto.

H. Waaering Limitations and Phase 2 Conditions.

1. Grandfathered gaming stations. The grandfathered Class II blackjack stations shall operate at \$100 wager limits, consistent with their grandfathered status.

2. Initial Class III Operation. Wagering limits for the Initial Class III operation shall be as set forth in Section III. G. 2. above. Provided, that in any player-banked pai gow games, the player-banker may wager up to the maximum wager permissible at each of the betting positions at the table.

3. Full Phase 2 Operations. Wagering limits for the Full Phase 2 operations shall be as set forth in Section III. G. 3. above.

4. Conditions for Phase 2 Implementation.

(a) An increase in the number of gaming stations, hours of operation, or wager limits authorized is conditioned on compliance with the following criteria:

(i) There have been no violation(s) of the provisions of this Compact during the Phase 1 period that have resulted in sanctions imposed by the Federal District Court or the National Indian Gaming Commission;

(ii) There have been no violations of the Compact which are substantial or, due to repetition, would be deemed material;

(iii) There have been no material adverse impacts on the public health, safety or welfare of the surrounding communities in the nature of criminal activities directly attributable to the operation of the Class III gaming activities at the facility;

(iv) The Lummi Indian Gaming Commission has maintained a strong program of regulation and control demonstrating an adequate level of proficiency, which includes the hiring of trained Lummi Indian Gaming Agents, an independent management and reporting structure separate from that of the gaming facility or Lummi Nation bodies, a thorough and developed system for the detecting and reporting of Compact violations, and a strong and consistent presence within the Class III facility; and

(v) There have been no material violations of Appendix A of this Compact.

(b) In recognition of the Nation's pre-existing experience in the operation and successful regulation of a large gaming facility offering "grandfathered" high-stakes, house-banked Class II games, and notwithstanding anything herein to the contrary, within six (6) months of operation of Class III gaming activities under this Compact, the State Gaming Agency shall review the gaming operation and activities to determine Compact compliance and whether 'the conditions set forth in Section III.H.4.a above have been satisfied. If, as a result of the review, the State Gaming Agency determines that the operation is in compliance with these conditions, the Class III operation may implement Phase 2 levels at up to fifty-two (52) Class III gaming stations. If the State Gaming Agency determines that the Class III operation has not satisfied the conditions, any resulting dispute will be resolved through the dispute resolution procedures set forth in Section XII.C of this Compact. Any increase in the number of gaming stations, hours of operation, or wager limits beyond that initially authorized during Phase 1 of Class III gaming operations shall be conditioned upon satisfying the criteria in Section III.H.4.a above.

I. Hours of Ooperation. In recognition of the grandfathered status of the Nation's blackjack games, at all times the Nation may operate its grandfathered house-banked blackjack games at wager limits of up to one hundred dollars (\$100) without limitation as to periods or hours of operation. Should the Nation choose to utilize wagering levels above the one hundred dollar (\$100) grandfather limit for any of the grandfathered stations, those stations may operate for up to twenty (20) hours per day and one hundred forty (140) hours per week on an annualized basis. Until completion of the Phase 2 review required in Section III.H.4, all other Class III gaming stations may operate for up to twenty (20) hours per day and one hundred twelve (112) hours per week on an annualized basis; thereafter, the facility may operate up to fifty-two (52) Class III gaming stations for up to twenty (20) hours per day and one hundred forty (140) hours per week on an annualized basis. In recognition that the Nation's existing gaming facility does not now serve alcoholic beverages and that the operation of grandfathered blackjack games twenty-four (24) hours per day has not had a significant adverse impact on surrounding communities, the Nation shall have the absolute right to designate the hours of operation for Class III gaming. Notwithstanding the foregoing, if the Nation offers alcoholic beverages in its gaming facility and desires to offer Class III gaming activity between the hours of 2:00 a.m. and 6:00 a.m., the Nation shall notify the State Gaming Agency and local law enforcement agencies, and shall be entitled to operate Class III gaming during those hours if no objection is received from such agencies within fifteen (15) days after such notice is given. Provided further, that with the consent of both the Lummi Indian Gaming Commission and the State Gaming Agency, the facility may

operate Class III gaming activity for up to seventy-two (72) hours continuously, three (3) times per calendar year.

J. Ownership of Gaming Facility and Gaming Operation. The gaming operation, including the gaming facility, shall be owned and operated by the Nation, but the Nation shall be entitled to contract for management of the gaming facility and gaming operation. Any such contract shall subject the manager to the terms of this Compact, including annual certification and licensing.

K. Prohibited Activities. Any Class III gaming activity not specifically authorized in this Compact is prohibited. Unless subsequently authorized by the State, all Class III gambling devices are prohibited. Nothing herein is intended to prohibit or restrict otherwise lawful and authorized Class II gaming activities upon Lummi Nation Lands or within the gaming facility.

L. Age Limitations. No person under the age of eighteen (18) shall participate in any gaming operation, or be allowed on the Class III gaming floor authorized by this Compact during actual hours of operation. Should alcoholic beverages be offered on the gaming floor pursuant to applicable law, then no patron under the age of twenty-one (21) shall be permitted on the gaming floor during actual hours of operation. Nothing herein shall preclude persons under the age of eighteen (18) years from patronizing food service and other non-gaming facilities in the gaming operation.

M. Prohibition on Firearms. The possession of firearms by any person within the gaming facility shall be strictly prohibited. Provided, this prohibition shall not apply to authorized agents or officers of the Lummi Indian Gaming Commission, Lummi Nation Law Enforcement Agency, State Gaming Agency, State or Local Law Enforcement agencies.

SECTION IV - LICENSING AND CERTIFICATION REQUIREMENTS

A. Gaming Operation and Facility. Because the Nation currently is operating and regulating its gaming facility under a functioning system of licensing, the gaming operation and gaming facility authorized by this Compact shall be licensed by the Lummi Indian Gaming Commission in conformity with the requirements of this Compact prior to commencement of Class III gaming operations hereunder, and annually thereafter in accordance with the Nation's current licensing cycle. The Nation not having encountered any health or safety-related problems in the operation of its existing gaming facility, for the purposes of initial Class III licensing the Nation's existing facility shall be deemed in compliance with this Compact so as to allow the commencement of Class III gaming activity. Verification of this requirement shall be made by the State Gaming Agency and the Lummi Indian Gaming Commission and, as applicable to the satellite wagering facility and operation the Washington Horse Racing Commission, through a joint inspection scheduled within thirty (30) days after execution of this Compact. If this inspection discloses significant deficiencies or defects that create a substantial risk of physical injury to patrons or employees, or that significantly impair or threaten to impair the proper functioning of systems for security, surveillance or internal controls, the State Gaming Agency or the Commission, as appropriate, shall provide the Lummi Indian Gaming Commission with a written and detailed report of such deficiencies, and the Nation and the State Gaming Agency shall meet and confer about a plan and schedule to cure such deficiencies. Thereafter, the Nation immediately shall undertake to rectify such deficiencies and shall substantially eliminate such deficiencies within sixty (60) days. To the extent that other deficiencies are remediable without structural alteration to the facility or unreasonable expense, the Nation shall make a good-faith effort to remedy such

deficiencies within a reasonable time and at a reasonable cost. The actual costs of final inspection of the facility under this section shall be the responsibility of the Nation.

B. Gaming Employees. Prior to commencing employment, every gaming employee shall be licensed by the Lummi Indian Gaming Commission and certified by the State Gaming Agency, said license and certification to be renewed annually. Notwithstanding the foregoing, any person holding a current Lummi Nation gaming employee license as of September 1, 1995 shall be deemed certified by the State for at least one (1) year from the date of this Compact, upon payment of a fee to defray the State Gaming Agency's cost of opening a file thereon; and provided further, the Lummi Indian Gaming Commission may issue a license if the employee has a current Class III gaming certification issued by the State Gaming Agency, the employee consents to disclosure to the Lummi Indian Gaming Commission of all information held by the State Gaming Agency, and the State Gaming Agency certifies prior to licensing that the employee is in good standing. If Class II and Class III table games are combined in a single facility, the parties agree that this could impact the regulatory scheme established under this Compact. In that event, all table gaming employees in the facility shall be subject to the same licensing and/or certification requirements; provided that this provision shall not be applicable to employees engaged in activities related to bingo, pull-tabs and/or punchboards.

C. Manufacturers and Suppliers of Gaming Services. Each manufacturer and supplier of gaming services shall be licensed by the Lummi Indian Gaming Commission and shall be certified by the State prior to the sale of any gaming services. If the supplier or manufacturer of the services or goods is licensed or certified by the State of Washington it shall be deemed certified to supply those services or goods for the purposes of this Compact. The licensing and certification shall be maintained annually after 'initial certification. Professional legal and accounting services shall not be subject to the certification and licensing requirements.

D. Financiers. Any party extending financing, directly or indirectly, to the gaming facility or gaming operation shall be subject to the annual licensing requirements of the Lummi Indian Gaming Commission, and shall be required to obtain State certification prior to completion of the financing agreement and annually thereafter. These licensing and certification requirements do not apply to financing provided by a federally regulated commercial lending institution, the Lummi Nation government, or the Federal Government. The source of all funds will be fully disclosed in accordance with IGRA and a copy provided to the State Gaming Agency and, as applicable to the satellite wagering facility and activities, to the Washington Horse Racing Commission.

SECTION V - LICENSING AND STATE CERTIFICATION PROCEDURES

A. Procedures for Lummi Nation License Applications and State Certification. Each applicant for a Lummi Nation gaming license and/or State certification shall submit the completed application along with the required information to the Lummi Indian Gaming Commission. Each completed application shall be accompanied by the applicant's fingerprint card(s), current photograph, and the applicable fees required by the State and Lummi Indian Gaming Agencies. The Lummi Indian Gaming Commission shall have sole responsibility for investigating and licensing Lummi Nation members and the spouses of Lummi Nation members, and the State Gaming Agency shall as a matter of course issue certifications to such persons licensed by the Lummi Indian Gaming Commission. However, to enable the State Gaming Agency to verify the efficacy of the Lummi Indian Gaming Commission's investigatory and licensing processes, upon receipt, the Lummi Indian Gaming Commission

will transmit a copy of all application materials for each applicant, together with a set of fingerprint cards, a current photograph, and the certification fee required to the State Gaming Agency, and, during the first year of this Compact, the State Gaming Agency may, at its own cost and in its discretion, randomly check the backgrounds of such existing licensees as of September 1, 1995. For subsequent applications of members and spouses, the State Gaming Agency shall be entitled to randomly review the applications and background information of up to ten percent (10%) of the persons obtaining certification solely on the basis of licensure by the Lummi Indian Gaming Commission, with the cost of such random review being recovered from the application fees tendered with applications for certification. If, based upon such random review, the State Gaming Agency determines that either the licensing or qualification standards of this Compact have not been consistently applied, the State Gaming Agency immediately shall so notify the Lummi Indian Gaming Commission, and shall be entitled to conduct such additional reviews as it deems necessary. The reasonableness of any such determination shall be subject to the dispute resolution procedures of Section XII.C of this Compact. If upon review, the State Gaming Agency determines that a Lummi Nation member or spouse is unfit for licensure or certification (whether full or conditional), the State Gaming Agency shall so notify the Lummi Indian Gaming Commission and the Lummi Indian Gaming Commission shall take appropriate corrective action, subject to the right of the State Gaming Agency to seek review of that action under the dispute resolution procedures of Section XII.C of this Compact.

B . Background Investigations of Applicants. Upon receipt of a completed application and required fee for State certification, the State Gaming Agency shall conduct the necessary background investigation to ensure the applicant is qualified for State certification. The State Gaming Agency shall expedite State certification applications. Upon completion of the necessary background investigation, the State Gaming Agency shall either issue a State certification to the applicant with a copy to the Lummi Indian Gaming Commission, or deny the application. If the application for certification is denied, a statement setting forth the grounds for denial shall be forwarded to the applicant in accordance with the provisions of Chapter 230-50 WAC with a copy forwarded to the Lummi Indian Gaming Commission. All background materials compiled by the State Gaming Agency in connection with the background investigation of any applicant for certification shall be available to the Lummi Indian Gaming Commission at the State Gaming Agency's office at Lacey upon request, subject to any constraints imposed by the State Gaming Agency's accreditation as a law enforcement agency and status as a member of the Law Enforcement Intelligence Unit.

C. Grounds for Denial, Revocation or Suspension of State Certification. The State Gaming Agency may revoke, suspend or deny a State Certification under the provisions of RCW 9.46.075, and rules promulgated thereunder, for any reason or reasons it deems to be in the public interest. These reasons shall include, but shall not be limited to when an applicant or holder of certification or principal of an entity:

1. Is determined to be a person whose prior activities, criminal record, if any, or reputation, habits and associations pose a threat to the effective regulation of gaming or create or enhance the chances of unfair or illegal practices, methods and activities in the conduct of the gaming activities permitted pursuant to this Compact; or the person has violated, failed or refused to comply with the provisions, requirements, conditions, limitations or duties imposed by any provision of a Tribal/State Compact.

2. Has failed to provide any information reasonably required to investigate the application for State certification or to reveal any fact material to such application, or has furnished any information which is untrue or misleading in connection with such application.

3. Has had a Lummi Nation or State gaming license revoked or denied during the twelve (12) months prior to the date of receipt of the application; is currently on probation; or has demonstrated a willful disregard for compliance with gaming regulatory authority in any jurisdiction, including offenses that could subject the individual or entity to suspension, revocation or forfeiture of a gaming license.

For the purpose of reviewing any application for a State certification or for considering the denial, suspension or revocation of any State certification the State Gaming Agency may consider any prior criminal conduct or current probationary status of the applicant or holder of certification and the provisions of RCW 9.95.240 and of chapter 9.96A RCW shall not apply to such cases.

4. Notwithstanding anything herein to the contrary, in the absence of other violations, it shall not be automatic grounds for revocation, suspension or denial for an Indian from a federally recognized Indian Tribe to have been charged or convicted of a gambling offense committed pursuant to Lummi Tribal authorization and not involving moral turpitude, or the following non-gambling related offenses the occasion of which occurred prior to United States Supreme Court rulings on the subject: (1) fishing or hunting offenses; (2) cigarette, fireworks or alcohol sales offenses; or (3) cases involving the exercise of trust or treaty rights. In the absence of other violations, activities or factors which would warrant denial, revocation or suspension, these Indian individuals shall not be barred solely as a result of such activities from certification.

5. For enrolled members of the Nation, the Lummi Indian Gaming Commission may waive certain criteria for such enrolled members if the waiver does not pose an appreciable risk to the public or the lawful operation of the gaming facility. Upon granting such a waiver, the Lummi Indian Gaming Commission shall within forty-eight (48) hours notify the State Gaming Agency of the waiver, and the State Gaming Agency shall issue a conditional certification. If the State Gaming Agency asserts that issuance of a conditional certification would pose an appreciable risk to the public or the lawful operation of the gaming facility, the State Gaming Agency may utilize the remedy provided in Section V.A., provided that the State shall have the burden of showing by clear and convincing evidence that the waiver would pose such a risk.

D. Right to Hearing for Denial, Revocation or Suspension of State Certification. Any applicant for State certification, or holder of a State certification shall be entitled to notice and a full hearing on any action by the State Gaming Agency which may result in the revocation, suspension, or denial of State certification. The notice and hearing will be conducted in accordance with the procedures contained in the applicable provisions of Chapter 9.46 RCW, Chapter 34.05 RCW and Chapter 230-50 WAC. Provided, the State may defer such actions to the Lummi Indian Gaming Commission at the State's discretion, and nothing herein shall prevent the Lummi Indian Gaming Commission from invoking its disciplinary procedures and proceedings independently.

E. Denial, Revocation or Suspension of Licenses Issued by Lummi Indian Gaming Commission. The denial, suspension, or revocation of any Lummi Nation gaming license by the Lummi Indian Gaming Commission shall be in accordance with Lummi Nation ordinances and regulations governing such procedures and the grounds for such actions shall not be less stringent than those of Section V.C.

F. Duration and Renewal of Lummi Nation Issued Licenses and State Certifications. Any Lummi Nation issued license or State certification shall be effective for one (1) year from the date of issuance. Provided, that a licensed or certified employee or party that has applied for renewal may continue to be employed under the expired license or State certification until action is taken on the renewal application by the Lummi Indian Gaming Commission or State Gaming Agency or a summary suspension has occurred. Applicants for renewal of license or certification shall provide updated material as requested, on the appropriate renewal forms, but shall not be required to re-submit historical data already available to the Lummi Indian Gaming Commission or the State Gaming Agency. Additional background investigation shall not be required unless new information concerning the applicant's continuing suitability or eligibility for a license, or a State certification is discovered by either the Lummi Indian Gaming Commission or the State Gaming Agency.

G. Identification Cards. The Lummi Indian Gaming Commission shall require all gaming employees to wear in plain view identification cards issued by the Lummi Indian Gaming Commission which include photo, first name and an identification number unique to the individual Lummi Nation license and/or certification which shall include a Lummi Nation seal or signature, and a date of expiration.

H. Exchange of Licensing and State Certification Information. In an effort to ensure a qualified work force in all areas of Class III gaming, and in all types of gambling authorized under the laws of the State, upon completion of any administrative action or legal proceeding against a Lummi Nation license or State certification, the final disposition, together with all supporting documentation therefor, shall be forwarded to either the Lummi Indian Gaming Commission or the State Gaming Agency and maintained as part of both agencies' permanent licensing records.

I. Fees for State Certification. The fees for State certification shall be the following:

Grandfathered Certification (first year only)	\$ 50.00
Gaming Employee (Lummi Tribal member or spouse)	\$ 125.00
Gaming Employee (in-state) Initial Certification	\$ 200.00
Gaming Employee (out-of-state) Initial Certification	\$ 250.00
Gaming Employee (Lummi Tribal member or spouse) - Renewal	\$ 50.00
Gaming Employee - Renewal	\$ 125.00
Management Entities, Suppliers Manufacturers or Financiers (in-state) Initial Certification	\$1500.00
Management Entities, Suppliers	

Manufacturers or Financiers (out-of-state) initial Certification	\$5000.00
Management Entities, Suppliers Manufacturers or Financiers Renewal	\$ 500.00

Provided, should actual costs incurred by the State Gaming Agency exceed the above fees, those costs will be assessed to the applicants during the investigation process. Payment in full to the State Gaming Agency will be required prior to the issuance of State certification. Notwithstanding any other provision of this Compact, the State Gaming Agency may modify any of the above fees consistent with like fees charged by the State Gaming Agency for non-Compact gaming elsewhere in the State by giving the Nation sixty (60) days notice of intent to modify fees. Should a dispute arise under this section it shall be resolved pursuant to Section XII.C of this Compact.

J. Fees for Lummi Nation License. The fees for all gaming employee licenses shall be set by the Lummi Indian Gaming Commission.

K. Temporary Certification of Gaming Employees. Unless the background investigation undertaken by the Lummi Indian Gaming Commission discloses that the applicant has a criminal history, or unless other grounds sufficient to disqualify the applicant pursuant to this section are apparent or have been discovered from the application submitted through the Lummi Indian Gaming Commission, the State Gaming Agency shall upon request of the Lummi Nation gaming operation issue a temporary certification to the applicant within twenty (20) days after receipt of a completed application. However, in the event of an emergency staffing need, the parties may agree to the issuance of temporary certification in a shorter time. The temporary certification shall become void and be of no effect upon either the issuance of a State certification or upon the issuance of intent to deny, in accordance with the provisions of this Compact. Any applicant who has a current license or certification issued by the State Gaming Agency shall be eligible for Lummi Nation licensure and employment without further background investigation by the State Gaming Agency upon confirmation of the applicant's good standing, provided that the person meets the Nation's licensing standards.

L. Summary Suspension of Lummi Nation License or State Certification. The Lummi Indian Gaming Commission, pursuant to the laws of the Nation, and the State Gaming Agency, pursuant to the laws of the State, may summarily suspend any respective Lummi Nation license or State certification if the continued licensing or certification of a person or party constitutes a threat to public health and safety.

M. State Advisement of Its Application Procedures. The State advises that it currently does and plans to continue to require all applicants for State certification as a Class III gambling employee to sign the following agreement as a prerequisite to obtaining such State certification:

Applicants for State certification agree by submitting this application for certification that they will submit to State jurisdiction to the extent necessary to determine qualification to hold such certification, including all necessary administrative procedures, hearing and appeals pursuant to RCW 9.46, WAC 230-50 and the State Administrative Procedures Act, RCW 34.05. Lummi Nation members who apply specifically waive any immunity, defense, or members who apply specifically waive

any immunity, defense, or other objection they might otherwise have to the exercise of State jurisdiction for these purposes, but only for these purposes.

N. Lummi Nation Licensing. The Nation for any licensing process may, in its sole election, rely upon the certification of the State as the Nation's qualification process for a tribal gaming license.

SECTION VI - LUMMI NATION ENFORCEMENT OF COMPACT PROVISIONS

A. Lummi Indian Gaming Commission. The Nation, acting through its Lummi Indian Gaming Commission and Lummi Law and Order Department, shall have primary responsibility for the on-site regulation, control and security of the gaming operation authorized by this Compact, and for the enforcement of this Compact within Lummi Nation Lands. In the fulfillment of these responsibilities, the Nation shall perform the following functions, among others:

1. Enforce all applicable laws and regulations in and around the premises of the gaming;
2. Protect the physical safety of all persons on the premises of the establishment;
3. Safeguard the cash, chips and other gaming assets under the control and custody of the gaming operation;
4. Investigate and deter illegal activity in or around the premises of the facility;
5. To the extent of its jurisdiction, arrest and prosecute or temporarily detain for turnover to appropriate federal or State law enforcement authorities, persons reasonably suspected of being involved in illegal activities; and
6. Maintain a permanent and detailed record of any and all unusual occurrences within the gaming facility pertaining to the regulation of gaming therein. Each incident, without regard to materiality, shall be assigned a sequential number and, at a minimum, the following information shall be recorded in indelible ink in a bound notebook from which pages cannot be removed and each side of each page of which is sequentially numbered:
 - (a) the assigned number;
 - (b) the date;
 - (c) the time;
 - (d) the nature of the incident;
 - (e) the person involved in the incident; and
 - (f) the security department or Lummi Indian Gaming Commission employee assigned.

B. Lummi Nation Gaming Agents/Inspectors. The Lummi Indian Gaming Commission shall employ qualified inspectors or agents ("Lummi Nation Inspectors") under the authority of the Lummi Indian Gaming Commission. Lummi Nation Inspectors shall be independent of the Lummi Nation gaming operation, and shall be supervised by and accountable only to the Lummi Indian Gaming Commission. Lummi Nation Inspectors shall not be required to be certified by the State. At the sole discretion of the Nation, the Nation may utilize State Gaming Agents, pursuant to Section VII.A, to fulfill this function.

C. Reporting of Violations. A Lummi Nation Inspector shall be present in the gaming facility during all hours of gaming operation, and shall have immediate access to any

and all areas of the gaming operation for the purpose of ensuring compliance with the provisions of this Compact and Lummi Nation Ordinances. Any violation(s) of the provisions of this Compact, or of Lummi Nation Ordinances by the Lummi Nation gaming operation, a gaming employee, or any person on the premises whether or not associated with the Lummi Nation gaming operation shall be reported immediately to the Lummi Indian Gaming Commission, and all such reports shall be forwarded to the State Gaming Agency within seventy-two (72) hours of the time of the notation of the suspected violation(s).

D. Investigation and Sanctions. The Lummi Indian Gaming Commission shall investigate any reported, suspected or observed violation of any applicable law or this Compact, and shall require the Lummi Nation gaming operation to correct any such violation upon such terms and conditions as the Lummi Indian Gaming Commission determines are necessary, including the imposition of fines and/or other appropriate sanctions authorized by the Lummi Nation Gaming Ordinance against any person involved in the violation and within the Nation's jurisdiction.

E. Reporting to State Gaming Agency. The Lummi Indian Gaming Commission shall forward copies of all completed incident and investigation reports and final dispositions to the State Gaming Agency on a continuing basis. If requested by the Lummi Indian Gaming Commission, the State Gaming Agency shall assist in any investigation, initiated by the Lummi Indian Gaming Commission, and provide other requested services to ensure proper compliance with the provisions of this Compact, Lummi Nation Ordinances, laws of the Nation, or applicable laws of the State.

F. Periodic Meetings. For the purpose of facilitating cooperation and coordination in the fulfillment of the respective parties' responsibilities under this Compact, representatives of the State Gaming Agency, the Lummi Indian Gaming Commission, and the Washington Horse Racing Commission (as applicable), shall meet not less than semi-annually, and more often if deemed necessary by either party, to review past and current gaming and regulatory practices and activities, examine methods to improve the Nation's regulatory program and otherwise to enhance the effectiveness of the parties' working relationship. The meetings shall take place at a location selected by the Lummi Indian Gaming Commission. The State Gaming Agency prior to or during such meetings shall disclose to the Lummi Indian Gaming Commission any concerns, suspected activities or pending matters reasonably believed to possibly constitute violations of this Compact by any person, organization or entity, if such disclosure will not compromise the interest sought to be protected.

SECTION VII - STATE ENFORCEMENT OF COMPACT PROVISIONS

A. Monitoring. The State Gaming Agency and, as applicable to the satellite wagering facility and activities, the Washington Horse Racing Commission, shall, pursuant to the provisions of this Compact, have the authority to monitor the Lummi Nation gaming operation to ensure that the operation is conducted in compliance with the provisions of this Compact. In order to properly monitor the Lummi Nation gaming operation, agents of the State Gaming Agency and the Commission shall have free and unrestricted access to all public areas of the gaming facility during normal operating hours with or without giving prior notice to the Lummi Nation gaming operation, and shall be granted access to non-public areas of the facility upon notice to the Lummi Indian Gaming Commission. Provided, that whenever possible, notice shall be given to the Lummi Indian Gaming Commission or to a Lummi Nation gaming inspector in the facility, and the Nation may assign a Lummi Nation agent or other representative to accompany the State agent while on the Lummi Reservation;

if, for some reason, the State Gaming Agency or Commission is unable to locate a representative of the Lummi Indian Gaming Commission for the purpose of giving notice, notice shall be given to Lummi Law and Order. Within seventy-two (72) hours following any such monitoring visit or inspection if any violation is noted, the State shall provide the Lummi Indian Gaming Commission with a copy of any report prepared in connection with such visit or inspection, including information about evidence gathered in connection with the visit or inspection. If no violation is noted, but a report is prepared in connection with such visit or inspection, the State shall provide the Lummi Indian Gaming Commission with a copy of any report prepared in connection with such visit or inspection within seventy-two (72) hours after said report is prepared. The Lummi Indian Gaming Commission shall maintain the report in such confidence as the State Gaming Agency may request.

B. Access to Records. Agents of the State Gaming Agency and the Commission shall be granted unrestricted access, upon notice to the Lummi Indian Gaming Commission, during all operating hours, to all books and records pertaining to Class III gaming activities at the facility for the purpose of reviewing, inspecting and, as reasonably necessary, copying same for legitimate purposes. Provided, that any copy thereof and any information derived therefrom, shall be deemed to be proprietary financial information of the Nation and the product of a law enforcement investigation, and thus held strictly confidential and privileged against unauthorized or unconsented disclosure. The State Gaming Agency shall notify the Nation of any requests for disclosure of such information and shall not disclose until the Nation, the State, or both have had a reasonable opportunity to challenge the request. Provided, this public disclosure prohibition shall not apply to evidence used in any proceeding authorized by this Compact, except that in using such information for such purpose, every reasonable effort shall be made to preserve its confidentiality.

C. Lummi Indian Gaming Commission Notification. At the completion of any inspection or investigation, copies of the investigative report shall be forwarded to the Lummi Indian Gaming Commission.

D. Cooperation with Lummi Indian Gaming Commission. The State Gaming Agency and the Commission shall meet periodically with the Lummi Indian Gaming Commission and cooperate fully in all matters relating to the enforcement of the provisions of this Compact and promptly notify the Lummi Indian Gaming Commission of any activity suspected or occurring whether within the gaming facility or not, which adversely affects State, Lummi Nation or public interests relating to the gaming facility and operation. Provided, such disclosure shall not compromise the interest sought to be protected.

E. Jurisdictional Issues. Except as expressly set forth herein, nothing in this Compact is intended nor shall it confer upon the State or any other non-Lummi Nation entity any jurisdiction or exclusive jurisdiction with respect to non-gaming related activities on the Lummi Reservation, nor shall any provision of this Compact constitute or be construed as an admission by the Nation that the trust or restricted status of any lands within the boundaries of the Lummi Reservation ever has been lawfully extinguished. Except as expressly set forth herein, and then only to the extent expressly set forth herein, the terms of this document do not constitute a waiver of sovereign immunity and any such waiver is and shall be deemed to be only a limited waiver solely for the purposes set forth in this Compact.

SECTION VIII - REGULATORY JURISDICTION RELATING TO ENFORCEMENT OF THE PROVISIONS OF THIS COMPACT

A. Jurisdictional Issues. Except as expressly set forth herein, nothing in this Compact is intended nor shall it confer upon the State or any other non-Lummi Nation entity

any jurisdiction with respect to non-gaming related activities on the Lummi Reservation. Except as expressly set forth herein, the terms of this document do not constitute a waiver of sovereign immunity, and any such waiver is and shall be deemed to be only a limited waiver solely for the purposes set forth in this Compact.

B. Jurisdiction. The Lummi Indian Gaming Commission and the State Gaming Agency both shall have jurisdiction as set forth in this Compact to investigate violations of the provisions of this Compact, and to bring administrative charges, in accordance with Lummi Nation Laws and the provisions of Chapter 9.46 RCW, Chapter 67.16 RCW, Chapter 34.05 RCW and Chapter 230-50 WAC, against any individual or business entity that is licensed by the Lummi Indian Gaming Commission or certified by the State Gaming Agency in accordance with this Compact. Solely for the purpose of enabling the State to enforce the provisions of this Compact through the remedies set forth herein in an arbitration proceeding or in an action brought in the Lummi Tribal Court or in the U.S. District Court for the Western District of Washington, the Nation consents to the limited waiver of sovereign immunity. The Nation further consents to the exercise of jurisdiction by the Federal District Court of the Western District of Washington with respect to actions to enforce the provisions of this Compact. If said District Court declines to exercise subject matter jurisdiction, and if the Nation thereafter does not cure the alleged breach or consent to suit in another court of competent jurisdiction, the State may regard such lack of cure or consent as a withdrawal by the Nation from this Compact. With the exception of those jurisdictional issues specifically addressed in this Compact, this Compact should not be construed to affect any other jurisdictional issues between the State and the Nation.

SECTION IX - LAW ENFORCEMENT JURISDICTION OVER GAMING ACTIVITY

A. Investiaative Authority.

1. Investigations on the premises of the Class III gaming facility: Within the premises of the gaming facility, including appurtenant parking areas, the Lummi Indian Gaming Commission, the Lummi Nation Law and Order Department and the State Gaming Agency shall have jurisdiction to initiate and conduct investigations of all gaming-related criminal activities by patrons, employees or other persons, regardless of status; provided, that the State Gaming Agency shall not have any jurisdiction to initiate or conduct investigations of Lummi Tribal members involved in bingo, pull tab or punchboard activities, but if the State Gaming Agency becomes aware o'f any information relating to the suspected violation by Lummi Tribal members of any laws or regulations in connection with such activities, the State Gaming Agency shall report such information to the Lummi Indian Gaming Commission. The Lummi Nation and State Gaming Agencies each shall notify the other upon the commencement of any such investigation, and each may request the assistance of the other in connection therewith. Unless involvement of the Lummi Indian Gaming Commission in an investigation would materially impede or compromise the integrity of such investigation, the State Gaming Agency shall request and accept the assistance of the Lummi Indian Gaming Commission or the Lummi Law and Order Department. The State Gaming Agency shall provide such assistance as the Lummi Indian Gaming Commission may request, and the Lummi Indian Gaming Commission shall request the assistance of the State Gaming Agency to the extent that the investigation involves off-Reservation conduct or requires off-Reservation investigation. In addition to conducting investigations on its own initiative, the Lummi Indian Gaming Commission shall initiate and conduct investigations in the gaming facility when requested to do so by the State Gaming Agency. The Lummi Indian Gaming Commission shall provide the State Gaming Agency with a report of the results of

each investigation involving suspected violations of this Compact, applicable gaming laws, ordinances and regulations. Notwithstanding the foregoing, the State Gaming Agency shall have unrestricted access to the public areas of the Gaming Facility during normal business hours, and access to the 'non-public areas of the Gaming Facility on notice to the Lummi Indian Gaming Commission, which may have a representative accompany the State Gaming Agency's representative. In the event that the State Gaming Agency reasonably believes that the Lummi Indian Gaming Commission or other Lummi Nation law enforcement agency may be implicated in a violation of this Compact or applicable laws or regulations, the State Gaming Agency shall notify the United States Attorney rather than the Lummi Indian Gaming Commission or Lummi Law and Order. In the event that the Lummi Indian Gaming Commission reasonably believes that the State Gaming Agency, any other non-Indian governmental agency or subdivision of the State of Washington, or any person acting under color of the State or any agency or subdivision thereof may be implicated in the violation of this Compact or any applicable law or regulation, the Lummi Indian Gaming Commission may notify the United States Attorney rather than the State Gaming Agency.

2. Investigations elsewhere on the Lummi Reservation: The Lummi Indian Gaming Commission and the State Gaming Agency each shall have jurisdiction to initiate and conduct, on its own initiative or at the request of the other, investigations involving gambling and gambling-related crimes within the exterior boundaries of the Lummi Reservation outside the premises of the Nation's Class III gaming facility; provided, that the State Gaming Agency's jurisdiction to investigate professional gambling and criminal offenses related to professional gambling involving Lummi Nation members shall be limited to Class III professional gambling activities only. If the State Gaming Agency becomes aware of suspected professional gambling or criminal activity related to professional gambling involving Lummi Nation members on trust or Indian-owned lands within the boundaries of the Lummi Reservation, the State Gaming Agency shall notify the Lummi Indian Gaming Commission or Lummi Law and Order; if neither the Lummi Indian Gaming Commission or Lummi Law and Order takes action in response to such notification, the State Gaming Agency may notify the United States Attorney, and the State Gaming Agency shall not have jurisdiction to investigate such activities involving Lummi Nation members on trust or Indian-owned lands within the boundaries of the Lummi Reservation unless neither Lummi Nation authorities nor the United States Attorney takes action in response to such notification. Nothing in this section shall preclude the State Gaming Agency from calling upon other local law enforcement agencies for assistance, provided that the personnel of such other agencies act under the direction and control of the State Gaming Agency; provided further, that this section shall not limit the State Gaming Agency's jurisdiction to investigate what the State contends to be the operation of illegal gambling devices, or any professional gambling activities or criminal activities related to professional gambling that originate in or are connected to the Nation's Class III gaming operation. Each Gaming Agency shall notify the other of any such investigation, and the State Gaming Agency shall provide such assistance as may be requested by the Lummi Indian Gaming Commission.

B. Arrest and/or Detention.

1. Lummi Nation Members: The Nation, through its Lummi Indian Gaming Commission and/or Lummi Law and Order, shall have primary jurisdiction to arrest Lummi Nation members for gaming offenses committed anywhere within the boundaries of the Lummi Reservation. If requested by Nation authorities, the State Gaming Agency and other law enforcement agencies shall render such assistance as Nation authorities may require in effecting such arrests. In the event that the State Gaming Agency has probable cause to

believe that a Lummi Nation member has committed a violation of an applicable Class III gambling law or regulation, the State Gaming Agency shall provide all available information about the offense to the Lummi Indian Gaming Commission, and the Lummi Indian Gaming Commission shall coordinate with Lummi Law and Order in effecting the arrest of the suspect and referring the member to the Lummi Nation Court or federal authorities for prosecution, In the event that Lummi Nation authorities unreasonably decline to arrest the suspect, the State Gaming Agency may refer the matter to the United States Attorney for appropriate action.

2. **Non-Member Indians:** The Nation, through its Lummi Indian Gaming Commission and/or Lummi Law and Order, and the State Gaming Agency shall each have jurisdiction to arrest non-member Indians for gambling-related crimes committed within the boundaries of the Lummi Reservation. The Nation, through its Lummi Indian Gaming Commission and/or Lummi Law and Order, shall have primary jurisdiction to arrest such individuals for gambling-related offenses committed anywhere within the boundaries of the Lummi Reservation. If requested by Nation authorities, the State Gaming Agency and other law enforcement agencies shall render such assistance as Nation authorities may require in effecting such arrests. In the event that the State Gaming Agency has probable cause to believe that a non-member Indian has committed a violation of an applicable Class III gambling law or regulation, the State Gaming Agency shall provide all available information about the offense to the Lummi Indian Gaming Commission, and the Lummi Indian Gaming Commission shall coordinate with Lummi Law and Order in effecting the arrest of the suspect and referring the member to the Lummi Nation Court or federal authorities for prosecution. In the event that Lummi Nation authorities unreasonably decline, or are determined through an Act of Congress or federal court decision to be without jurisdiction to arrest the suspect, the State Gaming Agency may effect the arrest and refer the matter to appropriate federal authorities; if the federal authorities decline to act, the State Gaming Agency may refer the matter to State authorities.

3. **Non-Indians:** The State Gaming Agency shall have primary jurisdiction to arrest non-Indians reasonably believed to have committed gambling-related crimes within the boundaries of the Lummi Reservation, and to turn such persons over to the appropriate federal or State law enforcement authorities for arrest and prosecution; provided, that the State Gaming Agency shall seek appropriate search and/or arrest warrants, when required, from the court having jurisdiction to prosecute the offense for which the arrest is to be made. The State Gaming Agency shall -notify Lummi Law and Order of the intent to execute an arrest or warrant within the boundaries of the Lummi Reservation. The State Gaming Agency shall not be required to notify the Lummi Indian Gaming Commission if the staff of the Lummi Indian Gaming Commission is implicated in a violation, and if the State Gaming Agency reasonably believes that Lummi Law and Order also is implicated, the State Gaming Agency shall notify the U.S. Attorney and may effect the arrest of a non-Indian suspect without notice to Lummi Law and Order.

C. **Prosecution.**

1. **Lummi Nation Members:** The Lummi Nation Court shall have primary jurisdiction to prosecute any Lummi Nation member charged with violating any law or regulation applicable to Class III gaming on the Lummi Indian Reservation, unless the Nation unreasonably or arbitrarily declines to proceed with such prosecution, in which event the matter may be prosecuted in federal court.

2. **Non-Member Indians:** The Lummi Nation Court shall have primary jurisdiction, pursuant to applicable federal law, to prosecute any Indian charged with violating

any law or regulation applicable to Class III gaming on the Lummi Indian Reservation. If the Nation unreasonably or arbitrarily declines, or is determined through an Act of Congress or federal court decision to be without jurisdiction to proceed with such prosecution, the matter may be prosecuted in federal or State court as appropriate.

3. Non-Indians: The State shall have jurisdiction to prosecute non-Indians and, to the extent not deferred under Subsection IX.C.2 above, non-member Indians charged with gambling-related crimes allegedly committed within the boundaries of the Lummi Reservation. If the State declines to prosecute any such alleged violation, the Nation shall have the right to refer the matter to the United States Attorney for prosecution in federal court.

D. Consent to Application of State Law and Incorporation in Lummi Nation Ordinance. For the purposes of 18 USC § 1166(d), for enforcing the provisions of this Compact with respect to certification and criminal conduct, for protection of the public health, safety and welfare, and to the extent not inconsistent with other provisions of this Compact, during the term of this Compact only, RCW 9.46.075; 9.46.140; 9.46.155; 9.46.160; 9.46.170; 9.46.180; 9.46.185; 9.46.190; 9.46.196; 9.46.198; 9.46.220; 9.46.221; 9.46.222; 9.46.231; 9.46.240; or 67.16.060; as now or hereinafter amended, to the extent such amendments concern the same subject matter as the old statutory provision, shall be applicable and incorporated herein as part of this Compact and shall be incorporated into an ordinance regarding any gaming affected by such statutory sections. Provided, that in the event any such provisions of State law are amended or repealed, the Nation will be given notice of same within thirty (30) days of the effective date, by the State Gaming Agency. Notwithstanding anything herein to the contrary, any penalty or fines contained in any State statutory provisions incorporated into this Compact or the Nation's gaming ordinance which are in conflict with applicable federal law shall be deemed revised and amended so as to conform to federal law.

E. Exception to Consent. Except for the jurisdiction conferred upon the State with respect to gaming on the Lummi Reservation contained in this section and elsewhere for acts of individuals, nothing in this Compact shall be deemed a consent or submission of or by the Nation to the concurrent jurisdiction and/or application of other laws of the State.

F. Law Enforcement Coordination. In an attempt to foster a spirit of cooperation between the law enforcement agencies authorized to enforce the criminal laws of the State or the Nation, and those laws affecting the public health, safety and welfare of the surrounding communities, representatives of those law enforcement agencies shall meet prior to commencement of operations and periodically thereafter to discuss mutual concerns and coordinate the enforcement actions necessary to minimize those concerns.

SECTION X - ENACTMENT OF COMPACT PROVISIONS

A. State Gaming Agency Rules or Regulations. Pursuant to its general rule making authority contained in Chapter 9.46 RCW, the State Gaming Agency may enact as part of its rules or regulations governing gambling, all or part of the provisions of this Compact.

B. Lummi Indian Gaming Commission Regulations. Pursuant to its general rule making authority, the Lummi Indian Gaming Commission may enact as part of its regulations governing gambling, all or part of the provisions of this Compact.

**SECTION XI - REGULATIONS FOR THE OPERATION AND
MANAGEMENT OF THE TRIBAL GAMING OPERATION**

A. Adoption of Regulations for Operation and Management. The Lummi Indian Gaming Commission shall adopt regulations to govern the operation and management of the gaming operation conducted under the authority of this Compact. To the extent such regulations have been adopted prior to the execution of this Compact they are set forth in Appendix A hereto and shall be deemed approved by the State. Any regulations adopted by the Nation shall ensure that the interests of the Nation and the State relating to Class III gaming are preserved and protected. The regulations shall maintain the integrity of the gaming operation and shall reduce the dangers of unfair or illegal practices in the conduct of the Class III gaming operation. The Lummi Indian Gaming Commission shall notify the State Gaming Agency of any intent to revise the standards or of any other regulations issued thereafter and shall request the concurrence of the State Gaming Agency for such revisions. State Gaming Agency concurrence shall be deemed granted unless disapproved in writing within twenty (20) days of submission of the revised standards. The State Gaming Agency shall concur with the proposed revisions upon request, unless it finds that they would have a material adverse impact on the public interest in the integrity of the gaming operation, and shall disapprove only such portions of the proposed revised standards which are determined to have a material adverse impact upon such interests. If the State Gaming Agency disagrees with the proposed revised standards, it shall set forth with specificity the reasons for such disagreement. Upon a notice of disagreement, the parties shall meet, and in good faith try to resolve the differences. If unsuccessful, the matter shall be resolved pursuant to Section XII.C of this Compact.

B. Additional Operational Requirements Applicable to Class III Gaming. The following additional requirements shall apply to the gaming operation conducted by the Nation:

1. To ensure integrity, the Lummi Nation gaming operation shall maintain the following logs as written, or computerized records which shall be available for inspection by the State Gaming Agency in accordance with Section VII.B of this Compact: a surveillance log recording all surveillance activities in the monitoring room of the gaming facility; a security log recording all unusual occurrences for which the assignment of a Lummi Indian Gaming Commission employee is made.

2. The Lummi Indian Gaming Commission shall establish a list of persons barred from the gaming facility because their criminal history or association with career offenders or career offender organizations poses a threat to the integrity of the gaming activities of the Nation. The Lummi Indian Gaming Commission shall employ its best efforts to exclude persons on such list from entry into its gaming facility. The Lummi Indian Gaming Commission shall send a copy of its list on a quarterly basis to the State Gaming Agency. In turn, the State Gaming Agency shall provide the Lummi Indian Gaming Commission with information about barred individuals received from all other gaming facilities that the State Gaming Agency directly or indirectly regulates or monitors.

3. The Lummi Indian Gaming Commission shall require the audit of the Lummi Nation gaming operation, not less than annually, by an independent certified public accountant, in accordance with the auditing and accounting standards for audits of casinos of the American Institute of Certified Public Accountants.

4. The Lummi Indian Gaming Commission shall notify the State Gaming Agency of the rules of each game operated by the Nation and of any change in such rules. To the extent such rules have been adopted prior to the execution of this Compact they are

set forth in Appendix B hereto and shall be deemed approved by the State. Summaries of the rules of each game relevant to the method of play and odds paid to winning bets shall be visibly displayed or available in pamphlet form in the gaming facility. Betting limits applicable to any gaming station shall be displayed at such gaming station. Rules for games identified in Section III.A, except as specified in Appendix B, shall be based upon such games as commonly practiced in Nevada, including wagering, as do not fundamentally alter the nature of the game as the Lummi Indian Gaming Commission may approve. Rules for games identified in Section III.A, except as specified in Appendix B, shall be submitted to the State Gaming Agency for review, to determine if the rules fundamentally alter the nature of the game. The Nation will provide the State Gaming Agency ten (10) days advance notice of the rules of each game and any modifications thereof, and will provide adequate notice to patrons of the gaming operation facility to advise them of the applicable rules in effect. In the event of a dispute, the matter will be handled in accordance with Section XII.C of this Compact.

5. In recognition of the effectiveness of the existing closed-circuit television surveillance system presently being operated by the Nation to regulate its grandfathered blackjack games, the State Gaming Agency has inspected and hereby approves the closed-circuit television system presently in operation in the facility, and the Lummi Nation gaming operation shall maintain that closed circuit television system in accordance with the regulations set forth in Appendix A; those regulations and that system shall not be modified without giving the State Gaming Agency at least twenty (20) days prior notice and an opportunity to object to any such changes. Any such objections shall be resolved through meeting and conferring; if necessary, the dispute may be resolved in accordance with Section XII.C. The Lummi Nation gaming operation shall provide the Lummi Indian Gaming Commission and the State Gaming Agency with copies of its floor plan and closed circuit television system and any modifications thereof for review by the Lummi Indian Gaming Commission. If the floor plan or closed circuit television system does not provide unobstructed camera views in accordance with such regulations, the Lummi Indian Gaming Commission shall modify such floor plan or closed circuit television system in order to remedy such deficiency. The Lummi Indian Gaming Commission shall forward a copy of the floor plan and closed circuit television system to the State Gaming Agency for review and consideration prior to final approval. In the event of a dispute, the matter will be handled in accordance with the provisions of Section XII.C.

6. The Lummi Nation gaming operation shall maintain a cashier's cage in accordance with the standards set forth in Section 7(3) of Appendix A, and shall not modify such standards without the concurrence of the State Gaming Agency. The Lummi Indian Gaming Commission and the State Gaming Agency may review cashier's cage security. If the cashier's cage does not comply with the security standards set forth in said Appendix, the Lummi Nation gaming operation shall modify its cashier's cage to remedy such deficiency. In the event of a dispute the matter will be handled in accordance with provisions of Section XII.C.

7. The Lummi Nation's gaming operation shall provide the Lummi Indian Gaming Commission and the State Gaming Agency with a description of its minimum requirements for supervisory staffing for each table gaming pit operated in its gaming facility, and in the event that the State Gaming Agency regards such supervisory staffing as inadequate, the Lummi Indian Gaming Commission and State Gaming Agency shall promptly confer in good faith in an effort to reach agreement on supervisory staffing requirements. If agreement cannot be reached between the State Gaming Agency and the Lummi Indian

Gaming Commission, the dispute shall be handled in accordance with Section XII.C of this Compact.

8. Standards for management and operation of the satellite wagering activities shall be consistent with the provisions of this Compact, including Appendix B, and those applicable to non-tribal satellite wagering facilities and activities in the State to the extent not inconsistent with this Compact.

SECTION XII - REMEDIES FOR BREACH OF COMPACT PROVISIONS

I. Enforcement of Compact

A. **Injunction Against the State.** If the Nation believes the State, whether or not through the State Gaming Agency or Commission, is in breach or default or is otherwise acting contrary to, or failing to act in the manner required by, any of the provisions of this Compact, the Nation may seek injunctive or other relief in a court of competent jurisdiction.

Prior to bringing such action, the Nation shall notify the State and the State Gaming Agency of the alleged violation(s).

B. **Injunction Against the Nation, the Nation's Gaming Operation, or any Individual.** The State Gaming Agency may bring an action to enjoin the Nation, the Nation's gaming operation, or any individual, if the State determines that any gaming operation authorized by the provisions of this Compact is being conducted in violation of the provisions of this Compact or, if any Class III activity is being conducted by others elsewhere on the Lummi Reservation in violation of the provisions of this Compact and not under the Nation's authority or with the Nation's authorization, against any person or entity responsible for such activity. Such action shall be brought in the U.S. District Court, pursuant to 25 USC § 271 O(d)(7) (A) (ii). Solely for the purpose of this remedy, the Nation consents to such suit and hereby agrees to a limited waiver of sovereign immunity for the purposes set forth in this subsection only; provided, that no injunctive relief shall be sought against the Nation without notice, and if the State seeks injunctive relief against the Nation without first having resorted to the dispute-resolution procedures under Section XII.C of this Compact, the State shall have the burden of demonstrating to the Court that the failure to resort to said procedures was reasonably justified. Prior to bringing such action, the State Gaming Agency shall notify the Nation, the Lummi Indian Gaming Commission and the Nation's Gaming Operation of the alleged violation(s) and the parties shall meet and confer in a good faith attempt to correct the alleged violation before court action is sought.

C. **Dispute Resolution.** In recognition of the government-to-government relationship of the Nation and State, the parties shall make their best efforts to resolve disputes by good faith negotiations whenever possible. Therefore, without prejudice to the right of either party to seek injunctive relief against the other when circumstances require such immediate relief, the parties hereby establish a method of non-judicial dispute resolution in order to foster a spirit of cooperation and efficiency in the administration and monitoring of performance and compliance by each other with the terms, provisions and conditions of this Compact. Unless other procedures and time frames are elsewhere set forth in this Compact, then and in the event of a dispute or disagreement between the parties regarding the implementation and compliance with referenced provisions of this Compact or otherwise by mutual agreement of the parties, disputes shall be resolved as follows:

1. Either party shall give the other, as soon as possible after the event giving rise to the concern, a written notice setting forth the issues to be resolved;

2. The parties shall meet and confer in a good faith attempt to resolve the dispute through negotiation not later than ten (10) days from receipt of the notice;

3. If the dispute is not resolved to the satisfaction of either within twenty (20) days of the first meeting, then the party may seek and cause to have the dispute resolved by and in accordance with the policies and procedures of the Commercial Rules of Arbitration of the American Arbitration Association, at sites which alternate between the Lummi Reservation and the State Gaming Agency or Commission offices after each arbitration dispute, i.e., the first arbitration dispute, until completed, shall be held on the Lummi Reservation; the next arbitration dispute, until completed, shall be held at the State Gaming Agency or Commission offices; and so forth.

4. The arbitration, unless another date is stipulated to by the parties, shall occur no later than fourteen (14) days from the date an arbitrator is named.

5. The decision of the arbitrator shall be final and unappealable.

6. Nothing in this section shall be construed to waive, limit or restrict any remedy which is otherwise available to either party to enforce or resolve disputes concerning the provisions of this Compact. Nor shall this section be construed to preclude, limit or restrict the ability of the parties to pursue, by mutual agreement, alternative methods of dispute resolution, including but not limited to mediation or utilization of a technical advisor to the Lummi Nation and State Agencies; provided that neither party is under any obligation to agree to such alternative method of dispute resolution. The parties to this Compact agree that the favored method of resolving differences is for the State and Lummi Nation Gaming Agencies to meet and confer in good faith regarding the issues in dispute and attempt to resolve disputes through their joint working relationship.

D. Sanctions/Civil Fines. The following is a schedule of maximum civil fines for any violation of the provisions of the compact sections set forth below. These penalties are maximums that may be recommended by the State Gaming Agency. The event or circumstances occasioning the charge and the extent and amount of the penalty for the violation, if contested by the Nation, are subject to de novo review under the dispute resolution procedures of Section XII.C. Any penalties are subject to disposition under Section XII.E.

1. For violation of terms, conditions and provisions of Section III:

(a) First and subsequent infractions: up to a maximum suspension of gaming operations within the Class III facility not to exceed five (5) days of operation (up to twenty (20) hours per day) per violation, or the dollar equivalent of the Net Win to the Nation from operations for the number of days of suspension, all not to exceed thirty (30) days.

2. For violations of the terms, conditions and provisions of Section IV and V - non-certified or non-licensed gaming employee(s), manufacturer(s), supplier(s) or other entities:

(a) For employees: (1) first infraction - fine equal to daily Net Win for each day of employment divided by the number of gaming stations in play for each day of employment; and (2) second and subsequent infractions - suspension of twenty (20) hours of gaming operations for each day of employment or a fine equal to the Net Win for each day of employment.

(b) For manufacturers, suppliers and other entities: (1) first infraction - up to five thousand dollars (\$5,000); and (2) second and subsequent infractions - up to twenty thousand dollars (\$20,000).

3. For violation of terms, conditions and provisions of Section XI and Appendix A:

(a) For first infraction - written warning.

(b) For second infraction - up to two hundred fifty dollars (\$250).

- (c) For third infraction - up to five hundred dollars (\$500).
- (d) For subsequent violations - up to one thousand dollars (\$1,000).

All penalties listed in this subsection (3(a) through (d)) will be charged and monitored on a per-violation basis on an annual basis dating from the issuance of the written warning. Provided, during the first three (3) months of actual operation of the Class III gaming operation only written warnings will be issued.

E. Method of Collection and Payment to Washington State Council on Problem Gambling. Any civil fines collected by the State Gaming Agency or the Lummi Indian Gaming Commission pursuant to the provisions of this Compact shall be disbursed at the end of each fiscal year to the Washington State Council on Problem Gambling, a bona fide nonprofit organization, provided that the organization offers some program which takes affirmative steps to reach the Indian community in Washington State. In the event the Washington State Council on Problem Gambling does not have such an Indian program, or ceases to exist, or substantially changes its purpose, then the parties agree to meet and in good faith designate a successor recipient bona fide nonprofit organization whose primary purposes are related to addressing the ills of compulsive and/or problem gambling within the State, the Lummi Reservation and the neighboring communities. Provided, in the event a dispute arises, it will be resolved pursuant to Section XII.C of this Compact.

SECTION XIII - TRIBAL REIMBURSEMENT FOR EXPENSES INCURRED BY THE STATE GAMING AGENCY

The Nation shall reimburse the State Gaming Agency for all reasonable costs and expenses actually incurred by the State Gaming Agency in carrying out its responsibilities as authorized under the provisions of this Compact. Reimbursement shall be made for monitoring, investigative, and processing costs. With regard to administrative actions, reimbursement shall be made to the extent that costs incurred exceed the certification fees received. The State shall submit a verified, detailed statement with supporting documentation on a quarterly basis to the Lummi Indian Gaming Commission. The Nation shall reimburse the State Gaming Agency within thirty (30) days after the receipt of the statement of expenses. In the event a dispute arises, it will be resolved pursuant to Section XII.C of this Compact.

SECTION XIV - PUBLIC HEALTH AND SAFETY

A. Compliance. For the purposes of this Compact the Lummi Nation's gaming operation shall comply with and enforce standards no less stringent than the following with respect to public health and safety:

1. Indian Health Service public health standards;
2. All Federal laws establishing minimum standards for environmental protection;
3. Applicable Environmental Protection Agency program standards and National Environmental Policy Act requirements;
4. Federal water quality and safe drinking water standards;
5. Uniform Building Code, including codes for electrical, fire and plumbing;
6. Public health standards for food and beverage handling in accordance with U.S. Public Health Service requirements; and
7. Lummi Nation Codes regarding public health, safety and environmental protection standards.

B. Emergency Service Accessibility. The Lummi Indian Gaming Commission shall make provisions for adequate emergency accessibility and service.

C. Community Contribution.

1. Since 1991, the Nation has operated large-scale, twenty-four (24) hour gaming activities at the Lummi Casino at Gooseberry Point without having any significant direct or indirect adverse impacts on local law enforcement agencies or other governmental units of the governments of surrounding non-Indian communities. Accordingly, as long as the Lummi Nation's Gaming Facility remains in its present facility, or is not moved more than one mile from its present location, and as long as no alcoholic beverages are served in that facility, the Nation shall not be required to contribute any additional funds to local non-Indian governments in surrounding communities. At such time as the gaming facility relocates outside of that area, and/or if the gaming operation begins serving alcoholic beverages, the Nation shall be required to contribute, within thirty (30) days after the end of each calendar quarter of operation under this Compact, two percent (2%) of its net win from the Class III gaming operation to an interest-bearing Community Contribution Fund from which the Nation shall be entitled to retain the interest, to be used to reimburse such non-Indian governments for the actual or potential impacts from such Class III gaming activity. All contributions to the Community Contribution Fund shall be disbursed annually, in such amounts and for such purposes as may be determined by a committee consisting of two (2) representatives of the LIBC and two (2) representatives of the State Gaming Agency. The committee shall meet at least annually to discuss impacts within the county and on the Reservation. If the members of the Committee are unable to agree on how the Community Contribution Fund is to be disbursed, the dispute shall be resolved in accordance with Section XII.C. At the end of each year of operation under this Compact, the parties shall meet and confer for the purpose of determining whether the amount that the Nation is required to contribute under this provision is reasonably justified by any adverse impacts that actually have resulted or are likely in the future to result from the operation of the additional Class III gaming activity authorized under this Compact. No Class II gaming revenues, satellite wagering revenues, revenues from the forty-two (42) pre-existing gaming stations, or non-gaming revenues shall be included with the two percent (2%) of Class III net win to be budgeted and disbursed as set forth in this section.

D. Community Relations. The Lummi Indian Gaming Commission agrees to be available to meet and discuss with neighboring communities any concerns regarding the impact of the Class III gaming operation upon the neighboring communities.

E. Alcoholic Beverage Service. Standards for alcohol service shall be subject to applicable law.

SECTION XV - AMENDMENTS, DURATION AND EFFECTIVE DATE

A. Effective Date. This Compact shall constitute the agreement between the State and the Nation pursuant to IGRA and shall be amendable and modified only under provisions of the Compact. This Compact shall take effect upon publication of notice of approval by the U.S. Secretary of the Interior in the Federal Register in accordance with 25 USC § 271 O(d)(3)(B).

B. Voluntary Termination. Once effective, this Compact shall be in effect until terminated by the written agreement of both parties. Provided, should the Nation wish to cease Class III gaming operations, the Nation may unilaterally terminate this Compact by submitting written notice sixty (60) days prior to the date of termination to the Governor of the State of Washington. Provided, State jurisdiction under this Compact shall continue until

the completion of any pending investigation or court action. Suspension or injunction of Class III gaming operations shall not constitute termination for the purpose of this subsection. However, upon termination of this compact for any reason, the limitations that this Compact otherwise imposes on the Nation's grandfathered gaming activities also shall terminate, and shall be of no further force or effect.

C. Other Termination - Chancre of State Law. If the laws of the State authorizing the activities set forth herein as Class III gaming activities are repealed prohibiting such gaming for any purpose by any person, organization or entity, it is the State's position that the provisions of the Compact providing for such gaming would not be authorized and continued operation of such gaming would constitute a violation of the Compact and the State may bring an action in Federal District Court pursuant to 25 USC § 2710(d)(7)(A)(ii).

The Nation disagrees that such subsequent State legislation would have this effect under IGRA and the Compact, but does agree that such an action, if commenced in that forum, is the appropriate State recourse and for such purpose the Nation consents to such a suit and hereby grants a limited waiver of sovereign immunity solely for the purpose of litigating the said issue.

D. Adjustments/Reneaotiations.

1. Adjustments - Mutual. The terms and conditions of this Compact may be amended at any time by the mutual and written agreement of both parties, and as provided in this Compact.

2. Changes to and Interpretation of Laws. The parties shall adjust the terms and conditions of this Compact, except as provided below in Section XV.D.3, upon written notice and request by the Nation to the State if and when:

(a) the laws of the State are amended, expanding gaming beyond that which is now allowed under the terms of this Compact;

(b) a State or Federal court within the State of Washington or a federal court interpreting the laws of the State of Washington issues a final and unappealable decision that permits participation in a gaming activity that was not authorized for any purpose by any person, organization or entity at the time this Compact was executed and is not authorized by this Compact; or

(c) federal legislation authorizes the operation of or participation in gaming activity that was not authorized at the time this Compact was executed or was not authorized by this Compact.

3. Renegotiation/Amendments - Section III of Compact. Section III D(1), G, H and I of the Compact regarding certain aspects of the scope of gaming shall not be subject to renegotiation or amendment for thirty-six (36) months from January 1, 1995, unless one of the following occurs: (1) the laws or regulations of the State are amended, expanding gaming beyond that which is now allowed under the terms of this Compact; (2) a State or Federal court within the State of Washington or a Federal court interpreting the laws of the State of Washington issues a final and unappealable decision permitting participation in a gaming activity that was not authorized for any purpose by any person, organization, or entity at the time this Compact was executed or not authorized by this Compact; (3) another tribe West of the Cascade Mountains obtains, through a Compact or Amendment to a Compact approved by the Secretary of the Interior, or by other procedures prescribed by the Secretary of the Interior pursuant to 25 USC§2710(b)(7)(B)(iii), greater levels of wagering, hours of operation, size and/or scope of Class III gaming activities, than authorized by the provisions of this Compact; or (4) another tribe East of the Cascade Mountains obtains, through a Compact approved by the Secretary of the Interior or by other procedures

prescribed by the Secretary of the Interior pursuant to 25 USC §2710(b)(7)(B)(iii), greater levels of wagering, hours of operation, size and/or scope of Class III gaming activities, than authorized by the provisions of this Compact and the Nation can demonstrate that such levels have resulted in an adverse economic impact on the Class III gaming operation.

4. Re-negotiation of Compact After Moratorium Period. At the conclusion of the moratorium period on re-negotiation set forth in Section XV.D.3, the State and the Nation shall meet and confer as to whether the Gaming Operation should be expanded to meet market needs at that time. Negotiations under this paragraph shall be in accordance with Section XV.D.6.

5. Re-negotiation/Amendments - Other Sections of Compact. At any time after execution of this Compact, the parties shall re-negotiate sections of the Compact, other than Section III D, G, H and I, upon the written notice and request by one party to the other if and when circumstances and events unforeseen at the time of the negotiation and execution of this Compact occur meriting discussion and re-negotiation of such provisions.

6. Process and Negotiation Standards. All written requests to amend or re-negotiate shall include the activities or circumstances to be negotiated together with a statement of the basis supporting the request. If the request meets the requirements of this subsection, the parties shall confer and required negotiations shall commence within thirty (30) days of the request. All matters involving negotiations or other amendatory processes under this section shall be otherwise governed, controlled and conducted in conformity with the provisions and requirements of 25 USC § 2710(d), except in subsections where a different resolution is specifically provided for by this Compact. The original terms and provisions of this Compact shall remain in effect unless and until the parties agree on re-negotiated terms.

7. State Authorization of Additional Class III Gaming Activities. In the event the State hereafter authorizes any additional Class III gaming activity, including electronic facsimiles of Class II or Class III gaming, the Nation shall be authorized to immediately commence conducting such activity prior to completion of the subsequent negotiations as provided in Section XV.D.2, if such activity is conducted in accordance with all of the limitations, regulations and requirements of the State.

8. State Authorization to Other Tribes Modify Scope of Gaming Compact. Notwithstanding any other provision of this Compact to the contrary, if after the signing of this Compact, the Secretary of the Interior approves a compact with any Washington Tribe west of the Cascade Mountains, or an amendment thereto, and such compact gives such tribe more Gaming Stations, higher wager limits, other Class III gaming activity, and/or more hours of operation or otherwise approves a compact or amendment to a compact which gives such Tribe an expansion of terms other than those identified above, or if the Secretary of the Interior approves a compact with a Washington Tribe east of the Cascade Mountains, or an amendment thereto and the Nation can demonstrate that such levels have resulted in an adverse economic impact on the Class III gaming operation, then this Compact shall be amended automatically to maintain equality. Provided, either party shall have the right to take the issue to dispute resolution under the provisions of Section XII.C of this Compact if a dispute arises regarding the applicability of this automatic amendment provision to a particular term approved in another compact.

SECTION XVI - LIMITATION OF LIABILITY

Neither the Lummi Nation nor the State are creating, or intend to create, any rights in third parties which would result in any claims of any nature whatsoever against the Nation

or the State as a result of this Compact. Neither the Lummi Nation nor the State has waived immunity from third party suits or claims of any kind or nature whatsoever against them, and nothing contained in this Compact shall be construed to effect a waiver, in whole or in part, of said immunity.

SECTION XVII - NOTICES

Unless otherwise indicated by this Compact, all notices required or authorized to be served shall be served by overnight mail or be delivered by other expedited services which require a signature for receipt at the following addresses:

Governor
State of Washington
State Capitol
Olympia, Washington 98504

Chairperson
Lummi Nation
2626 Kwina Road
Bellingham, Washington 98226-9298

Director
Washington State
Gambling Commission
Post Office Box 42400
Olympia, Washington 98504-2400

Executive Secretary
Washington Horse Racing Commission
3700 Martin Way
Olympia, Washington 98504-5052

SECTION XVIII - SEVERABILITY

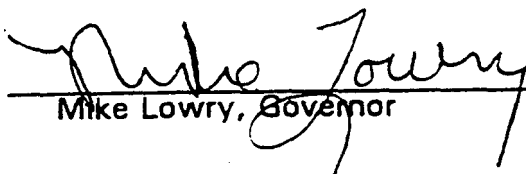
in the event that any section or provision of this Compact is held invalid, or its application to any particular activity held invalid, it is the intent of the parties that the remaining sections of the Compact, and the remaining applications of such section or provision shall continue in full force and effect.

IN WITNESS WHEREOF, the Lummi Nation and the State of Washington have executed this compact.

LUMMI NATION

By  DATED: 9-21
Larry Priest, Vice Chairman

THE STATE OF WASHINGTON

By  DATED: 9-21-95
Mike Lowry, Governor